
OLR Bill Analysis

sSB 353

AN ACT CONCERNING THE DEVELOPMENT OF CLASS I RENEWABLE ENERGY SOURCE PROJECTS.

SUMMARY:

This bill expands a program under which various entities could previously propose certain renewable energy projects to the Department of Energy and Environmental Protection (DEEP). It requires DEEP to conduct solicitations for such proposals in 2014 and 2015 from non utility project owners or developers and allows electric companies to conduct ongoing solicitations for such projects. The bill expands the factors DEEP must consider in approving the projects and requires it to evaluate the approved proposals and report to the Energy and Technology Committee on whether the proposal deadline should be extended beyond July 1, 2016.

The bill requires DEEP, in consultation with the electric companies, to establish a three-year pilot program to support development of “shared clean energy facilities.” These are facilities with a generating capacity of up to three megawatts that use Class I renewable resources (e.g., wind or solar power). Facilities must be served by an electric company and have at least two subscribers, which are retail electric company customers located in the service territory of the electric company that serves the generating facility.

EFFECTIVE DATE: Upon passage, except for the shared clean energy facilities program which is effective October 1, 2014.

RENEWABLE GENERATION PROGRAM

Scope of the Program

The law allowed an electric company or other entity that owned or developed generation projects that do not pollute to submit a proposal to DEEP between July 1, 2011 and July 1, 2013 to build, own, or operate

up to an aggregate of 30 megawatts (MW) of generation capacity using Class I renewable energy sources. Of this amount, up to 10 MW could be owned by an electric company. Several proposals were submitted and approved by DEEP.

The bill allows these entities to submit proposals for projects with an additional 100 MW of generating capacity, of which the electric companies can own, in the aggregate, up to 50 MW. It broadens the range of eligible projects from those providing (1) more than one to up to five MW to (2) at least one MW up to 20 MW. The proposals must be submitted between July 1, 2014 and July 1, 2016.

Proposal Solicitations

The bill requires DEEP to conduct two solicitations of non-electric company owners or developers for such generation. DEEP must conduct the first solicitation in 2014 and the second in 2015. The combined solicitations cannot exceed 50 MW.

For projects under the prior law, electric companies could enter into joint ownership agreements, partnerships, or other agreements with the developers. For the new rounds, the bill allows the companies to enter these agreements with the generation owners or developers to procure the power, renewable energy credits, and capacity the facilities produce at a bundled price under 20-year contracts. (The credits are issued to renewable energy generators. Capacity is a facility's ability to generate power. The credits and capacity can be sold jointly with the power a facility generates or independently.)

The bill allows the electric companies to conduct ongoing solicitations for these projects for submission to DEEP, subject to the size limits described above. They can conduct these solicitations until all the electric companies reach an aggregate limit of 50 MW.

DEEP Evaluation and Approval

Under the law for prior proposals and the bill, DEEP must evaluate the proposals and may approve one or more proposals if it finds that a proposal serves the long-term interests of ratepayers. The bill specifies,

with regard to the new round, that proposals benefit ratepayers if they provide air quality benefits, economic development, fuel diversity, energy independence, improved power reliability, or increased price stability. The bill requires DEEP to give preference to proposed generation facilities that would be located on existing brownfields.

Under the law for prior proposals and the bill, DEEP (1) may not approve a proposal supported in any form through cross subsidization by entities affiliated with the electric company and (2) must give preference to proposals that make efficient use of existing sites and supply infrastructure. An electric company may not, under any circumstances, recover more than the full costs identified in a proposal, as approved by DEEP.

Under the law for prior proposals and the bill, the company must use the power, capacity, and related products produced by the facility to meet the needs of its standard-service and last-resort customers (the latter serves large customers who do not choose a competitive supplier). The amount of renewable energy produced from the facilities counts towards the electric company's Class I renewable energy source portfolio standard obligations.

SHARED CLEAN ENERGY PROGRAM

The bill requires DEEP, by January 1, 2015, to develop and issue a request for proposals (RFP) from subscriber organizations seeking to develop a shared clean energy facility. The organizations can be for-profit or not-for-profit. They must (1) own or operate one or more of the facilities for the benefit of subscribers or (2) contract with a third party to build, own, or operate one or more of these facilities.

DEEP must select, pursuant to the RFP, two recipients to participate in the program. To the extent possible, one recipient must build a facility in a municipality with a population of 100,000 or more (i.e., Bridgeport, Hartford, New Haven, Stamford, or Waterbury) and another in a smaller municipality.

DEEP must establish (1) a billing credit for facility subscribers and

(2) consumer protections for potential and actual facility subscribers. The latter must include disclosures that must be made when selling or reselling a subscription.

Within one year of being selected to participate in the program and annually for the following two years, each participant must report to DEEP and the Energy and Technology Committee. The report must include information on the status of the facility.

By January 1, 2018, DEEP must submit a report to the Energy and Technology Committee that:

1. analyzes the success of the program;
2. identifies and analyzes the success of similar programs in other states; and
3. recommends whether Connecticut's program should be made permanent, and if so, proposes necessary legislation.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 22 Nay 1 (03/18/2014)